



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

April 7, 1997

MEMORANDUM TO: Ronald M. Scroggins  
Acting Chief Financial Officer

FROM: James Turdici, Director *[Signature]*  
Division of Accounting and Finance  
Office of the Controller

SUBJECT: REQUEST FOR EXTENSION OF TIME TO AVOID ANNUAL FEE;  
WAIVER OF INTEREST, PENALTY, AND ADMINISTRATIVE CHARGES;  
AND APPROVAL TO WRITE-OFF DELINQUENT PRINCIPAL

The License Fee and Accounts Receivable Branch (LFARB) has been attempting to collect the delinquent debts of a former licensee, Butkin Precision Manufacturing, Inc. (BPMI) for License STB-1505. These debts were referred to the GSA Federal Supply Schedule collection agency (CSC) after the second and final notices were sent and our staff/contractors followed-up with telephone calls with no response. CSC closed and returned the accounts after 180 days had elapsed and considered the debts uncollectible.

The company has gone out of business, there are no assets to pursue and the building is undergoing foreclosure by Union Trust Company of New Haven, CT. Due to contamination at the site, the NRC transferred the license to B&B Tool Company on July 12, 1995, possession only, awaiting access to a disposal facility.

The debts cover annual fees for FY's 1991 through 1995<sup>1</sup> and a January 12, 1994, inspection of the facility. Since the company ceased operations in 1993 with release of all employees and sale of all equipment, it is recommended that an extension of time be granted to relieve the former licensee of the FY's 1994 and 1995 annual fees; that interest, penalties and administrative charges for the delinquent annual fees for FY's 1991, 1992, 1993 and the delinquent FY 1994 inspection fee be waived; and that the principal debts for those delinquent accounts be written-off. The Division of Accounting and Finance recommendation is consistent with 10 CFR 15.55(a) which states that collection activity may be terminated when it becomes clear that the NRC has exhausted its ability to collect. The amount to be forgiven by extension of time is \$18,970 for the two annual fees (and the late charges for these two debts will be cancelled)<sup>2</sup>; the amount of waiver of late charges for the remaining debt is \$5,417.39; and the amount of principal to be written-off is \$5,390. We will issue a 1099-C to the former licensee for the amount written-off.

090040

<sup>1</sup> LFARB staff inadvertently cancelled the FY 1995 annual fee as they believed the license was possession only based on a March 28, 1994, amendment.

<sup>2</sup> Had we received small entity forms for FY 1994 and FY 1995 the debts would have been reduced to \$1,800 each. (The FY 1994 annual fee was \$10,370; the FY 1995 annual fee was \$8,600).



Ronald M. Scroggins

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4/7/97

Your approval below indicates that the FY 1994 and FY 1995 annual fees including late charges should be cancelled; all interest, penalty and late charges for the remaining debts waived; and the balance of principal written-off.

Approved:

April 7, 1997

(fr) Original signed by Ronald M. Scroggins  
Ronald M. Scroggins  
Acting Chief Financial Officer

Date

Attachments: List of Delinquent Debts  
Background Statement on History of License STB-1505

Distribution:

L. Tremper, OC/DAF/LFARB/ARS  
D. Weiss, OC/DAF/LFARB  
License File STB-1505 w/cy of atts  
Invoice File w/cy of atts  
NUDOCS (ML-61) w/cy of atts  
PDR w/cy of atts  
OC/DAF/LFARB RF w/o cy atts  
OC/DAF RF (DAF-7-000) w/o cy atts  
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DATE	3/3/97		3/3/97		4/4/97		4/7/97			4/2/97	

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LIST OF DELINQUENT DEBTS  
BUTKIN PRECISION MANUFACTURING, INC.  
STB-1505

INVOICE NO.	INVOICE AMOUNT	SE FILED	REVISED INVOICE AMOUNT	ADMINISTRATIVE CHARGES	INTEREST	PENALTY	PAID	BALANCE
AM1186-91 <sup>1</sup>	\$ 3,500.00	Y	\$ 1,800.00	\$ 510.00	\$ 178.01	\$ 134.22	\$ 1,930.00	\$ 692.23
AM1057-92 <sup>2</sup>	\$ 4,750.00	Y	\$ 1,800.00	\$ 380.00	\$ 404.61	\$ 410.75	\$ 580.00	\$ 2,415.36
AM1446-93 <sup>3</sup>	\$ 8,920.00	Y	\$ 1,800.00	\$ 260.00	\$ 249.70	\$ 382.14	\$ 130.00	\$ 2,561.84
AM0876-94	\$10,370.00*	N	\$10,370.00	\$ 290.00	\$ 755.80	\$1,572.16	\$ 0.00	\$12,987.96
AM0877-95	\$ 8,600.00*	N	\$ 8,600.00	\$ 0.00	\$ 0.00	\$ 0.00	Cancelled	\$ 8,600.00
MM1203-94	\$ 2,500.00	N/A	\$ 2,500.00	\$ 40.00	\$ 207.83	\$ 416.10	\$ 0.00	\$ 3,163.93
TOTAL	\$38,640.00		\$26,870.00	\$1,480.00	\$1,795.95	\$2,915.37	\$ 2,640.00	\$30,421.32

\*If we had small entity form would most likely also be reduced to \$1,800.

ATTACHMENT 1

<sup>1</sup>Had been under a promissory note - paid all but late charge

<sup>2</sup>Had been under a promissory note - made partial payments

<sup>3</sup>Had been under a promissory note - made partial payment

BACKGROUND STATEMENT ON HISTORY OF LICENSE NO. STB-1505  
BUTKIN PRECISION MANUFACTURING INC.

NRC License STB-1505 was issued to Butkin Precision Manufacturing, Inc. (BPMI) on April 22, 1987. The license authorized use of thorium for possession, storage, and precision machining of magnesium-thorium castings.

The company had locations at 6 Roberts Drive, North Adams, MA  
67 Erna Ave., Milford CT (Plant #1)  
83 Erna Ave., Milford CT (Plant #2)

Prior to January 13, 1991, activities occurred at Plant #1 and #2. Plant #1 was sold.

A November 18, 1991, letter indicated that BPMI was sold to Mr. Barton P. and Bradley S. Anderson on June 1, 1991.

On November 27, 1991, a letter was filed by the licensee requesting a change of address and place of use. Amendment 2 was issued to license which changed the address and place of use to 83 Erna Avenue.

January 4, 1992, licensee requested release of Plant #1 for unrestricted use.

In an April 9, 1992, letter, John Butka requested that the address be changed and the ownership of the company from John Butka to Barton P. and Bradley S. Anderson. Amendment 3 was issued on July 27, 1993, to BPMI which referenced the April 9 letter.

In a December 20, 1992, letter, BPMI notified the NRC Region I office that the manufacturing facility located at 6 Roberts Drive had ceased operations and stated their intention to decommission the facility.

BPMI ceased to exist as a manufacturing facility in 1993 with the release of all employees and the sale of all equipment.

The July 6, 1993 "Clean up Report" to Region I revealed:

The use of magnesium thorium in parts machined at this location (North Adams, MA) had been suspended approximately December 1991. Our customer (Textron Lycoming) had replaced this particular part with a non-thorium magnesium known as QE-22. For the remainder of time this facility operated, approximately 12 months, no thoriated parts were machined.

During the period from January 1992 through January 1993, any magnesium thorium metal turnings were removed to Connecticut for eventual return to Textron.

During the period January 1992 through January 1993, any remaining magnesium thorium parts were removed to Connecticut for completion and/or eventual return to Textron Lycoming.

January 12, 1994, licensee was inspected.

March 10, 1994, Demand for Information to secure adequate financial assurance for decommissioning of the facility. BPMI failed to provide the required information. Since June 1994 they indicated financial insolvency.

March 28, 1994, the North Adams, MA facility was released by NRC for unrestricted use.

Amendment 4 was issued on March 28, 1994, which deleted reference to 6 Roberts Drive as a place of use and license currently expires July 31, 1998.

May 24, 1994, Butkin Precision Mfg. Corp. notified Region I that effective immediately, Butkin Precision Manufacturing Corporation has ceased operations and that decommissioning has begun.

August 10, 1994, Region I performed confirmatory closeout inspection at 83 Erna Avenue and found no areas of removable contamination within the facility.

In a November 2, 1994, letter to Barton P. Anderson and Bradley S. Anderson, in response to their request for termination, Region I informed them that the subject "License STB-1505 may not be terminated until you no longer possess licensed material."

In a December 21, 1994, memo from Charles W. Hehl to John T. Greeves, it was noted that Mr. Butka sent samples of the LLW to Teledyne for analysis to determine possibility of sending the waste to Enviro-Care for disposal. Based on the results of samples this may not be possible due to possession restrictions on Enviro-Care and the material also does not meet the minimum volume required by Enviro-Care (1,000 cubic feet).

In a March 2, 1995, letter submitted in response to a Demand for Information dated March 10, 1994, Mr. John Butka stated the following:

He sold the company to Barton and Bradley Anderson in 1990.

At that time he relinquished all ownership and management responsibility to them. The Andersons assumed all of the current contracts on record at BPMI and proceeded to manufacture parts of all types.

Mr. Butka retained ownership of the building and the license remained in the name of BPMI.

The plant was closed in 1993.

In late 1994, Mr. Butka learned that a small quantity of LLW remained on the property (55 drums of 55-gallon size each, containing mostly soil and other debris from a fire in 1987). It was stored, gate locked, in a barbed wire area along the side of the building. In addition he learned that the LLW might not be disposable due to several dump closings that had occurred. Although, Mr. Butka did not feel he was responsible for disposal or storage of the LLW, he was willing to assist in the storage of the material (it was on his land).

He further stated the demise of BPMI left him virtually penniless and he could not provide the financial assurance required by NRC.

According to the Demand for Information letter, the licensee's attorney has indicated there are no employees or assets and the building at 83 Erna Avenue is undergoing foreclosure by the mortgagor, Union Trust Company in New Haven for the unpaid principal balance of \$178,500 plus interest and other charges.

On July 12, 1995, Amendment No. 5 was issued which transferred the license from BPMI to B&B Tool Company (Mr. John Butka) and the license was amended to authorize storage only pending access to a facility for disposal (with an estimate of 5 drums per year until it is all disposed of). Amendment No. 5 also shows an expiration date of July 31, 1998.

The SER for the amendment states "The fact that BPMI is no longer operating and is, therefore, defunct support the transfer of this license to an operating entity." Furthermore, the SER states:

#### REGULATORY POSITION

"The transfer of the license to B & B Tool Co., is an organization and administrative change and does not involve any activity or situation which would be inimical to the common defense and security or to the health and safety of the public. This amendment can be issued without undue risk to the workers, public, or environment. In addition, the staff has determined that this amendment is the type of action described in the categorical exclusion of 10 CFR 51.22(C)(11). Therefore, neither an environmental impact statement nor an environmental assessment has been prepared for this amendment."

The NRC received a February 17, 1997, amendment request to change the name to D&B Tool Company.

The following fees are due:

AM1186-91	\$ 692.23
AM1057-92	2,415.36
AM1446-93	2,561.84
AM0876-94*	12,987.96
AM0877-95*	8,600.00**
MM1203-94	<u>3,163.83</u>

TOTAL \$30,421.32

\*Did not receive small entity form for FY 1994 of FY 1995, otherwise this would be reduced to \$1,800.

\*\*Was billed FY 1995 annual fee AM00877-95 for \$8,600 (also no small entity form). Staff read March 28, 1994, amendment as storage only and inadvertently cancelled FY 1995 annual fee. The amendment reads "for possession, storage and precision machining of magnesium-thorium castings." Since the entire issue of the delinquent debts has been under review the cancellation of the FY 1995 annual fee has not been reversed as, depending on the outcome, it may be a moot point. But, for this exercise should not be overlooked.

A brief discussion on March 8, 1996, with Robert Nelson, PM, LLW, NMSS HQ, and my personal review of the license file indicates NMSS has not had a response to their July 12, 1995, amendment request which required B&B to file financial



assurance within 90 days of the issuance of the amendment. The case file is about to be transferred to Region I for close out handling. But, Mr. Nelson will confer with Mr. Weber as to what action should be taken and by whom at this point. There is no information in the license file regarding the financial status of BPMI, no articles of dissolution, etc.

The file was subsequently transferred to Region I and they are in receipt of a February 17, 1997, response to the July 12, 1995, request for financial assurance and other issues.